

# MANUFACTURING EXTENSION PARTNERSHIP

## Success Stories from the Field

### Walco Electric

#### Rhode Island Manufacturing Extension Services

#### Walco Electric Improves Efficiency with 5S

##### Client Profile:

Walco Electric, established in 1931, specializes in the optimization of rotating electro-mechanical apparatus and automated process equipment. Walco is comprised of three business groups; Automation and Controls, Industrial Power Systems, and Rail Transportation/Locomotive. Walco's Automation and Controls group has over 40 years of systems engineering experience, with expertise in winders and web processes. The Industrial Power Systems group provides electrical and mechanical services to help their customers maintain peak efficiency at their facilities. Walco's Rail Transportation and Locomotive group has operated the largest transit motor rebuilding facility in New England for more than 30 years. The company employs 115 people at its facility in Providence, Rhode Island.

##### Situation:

Walco's Vice President of Operations, Marc Amato, felt Lean principals were important to all facets of business, and that these principals could help any business be more effective and efficient. He wanted to integrate Lean strategies to bring about positive change and began introducing Lean to the employees at Walco. Realizing that they would need a more structured approach and more 'Lean tools' than he had available, he contacted the Rhode Island Manufacturing Extension Services (RIMES), a NIST MEP network affiliate, for help. "RIMES Project Manager got people really charged up," said Amato, "We went into the program in our winding room, trained in Lean 101 and held a Kaizen event," Amato added. But as it turned out, a year later the program failed, the old ways resurrected, wastes reappeared. "We didn't follow through with the fifth 'S' -- Sustain," said Amato. "The problem was that the program was initiated from the top down, without properly engaging the people on the shop floor. It was managed, but without accountability. "Marc was committed to implementing and sustaining Lean operations at Walco, and again reached out to RIMES.

##### Solution:

RIMES put a team together and provided Lean tools to reduce waste in all areas of the winding operation. With RIMES' assistance, better utilization of employees, better utilization of floor space, and more efficient operations led to an increase in gross margins and more productivity. "The impact that the Lean processes and events have had on the organization are far reaching. The first benefit is in innovation," noted Amato. One example is with the transformer remanufacture process that requires about 80 hours to accomplish. An employee developed a new way to process the units saving 20 hours per job. "That is just one of several process improvements made from our team," said Amato. "The 5S program freed up much needed floor space that was consumed by unnecessary work in process and unneeded inventory. Floor space is at a premium and our clean up saved us from incurring additional costs for more warehouse space." Amato further noted, "Lastly, we have seen a strong gain in on time deliveries and an increase in margin. Both are important to our sustainability as a company as well as our ability to grow and compete. Before the Lean initiative, Walco's winding

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room was meeting delivery schedules at about 80 percent efficiency. They now meet promised delivery schedules at 95 percent to 97 percent efficiency. Amato feels strongly that there are three key ingredients to success when a company decides to engage in a Lean initiative. He emphasized the need for a 'Lean Steering Committee,' to be made up of people from all levels in the company; secondly, an accountability loop where people on the shop floor need to be trained to audit the 5S areas regularly and to fairly and justly apply auditing methods; and thirdly, a commitment from the top down. "Activity has to come from the bottom up and commitment from the top down," said Amato.

#### **Results:**

- \* Increased on-time delivery by 97 percent.
- \* Increased productivity by 15 percent.
- \* Realized \$35,000 in cost savings.

#### **Testimonial:**

"Because of the Lean training from RIMES, our team members see the positive effect of Lean initiatives and are now creating new processes that reduce costs on a regular basis."

Marc Amato, Vice President of Operations